

FIRST REGULAR SESSION

# SENATE BILL NO. 456

94TH GENERAL ASSEMBLY

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INTRODUCED BY SENATOR GROSS.

Read 1st time February 6, 2007, and ordered printed.

TERRY L. SPIELER, Secretary.

2020S.011

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## AN ACT

To repeal section 163.031, RSMo, and to enact in lieu thereof one new section relating to state aid for hold harmless school districts, with penalty provisions.

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*Be it enacted by the General Assembly of the State of Missouri, as follows:*

Section A. Section 163.031, RSMo, is repealed and one new section  
2 enacted in lieu thereof, to be known as section 163.031, to read as follows:

163.031. 1. The department of elementary and secondary education shall  
2 calculate and distribute to each school district qualified to receive state aid under  
3 section 163.021 an amount determined by multiplying the district's weighted  
4 average daily attendance by the state adequacy target, multiplying this product  
5 by the dollar value modifier for the district, and subtracting from this product the  
6 district's local effort and, in years not governed under subsection 4 of this section,  
7 subtracting payments from the classroom trust fund under section 163.043.

8 2. Other provisions of law to the contrary notwithstanding:

9 (1) For districts with an average daily attendance of more than three  
10 hundred fifty in the school year preceding the payment year:

11 (a) For the 2006-07 school year, the state revenue per weighted average  
12 daily attendance received by a district from the state aid calculation under  
13 subsections 1 and 4 of this section, as applicable, and the classroom trust fund  
14 under section 163.043 shall not be less than the state revenue received by a  
15 district in the 2005-06 school year from the foundation formula, line 14, gifted,  
16 remedial reading, exceptional pupil aid, fair share, and free textbook payment  
17 amounts multiplied by the sum of one plus the product of one-third multiplied by  
18 the remainder of the dollar value modifier minus one, and dividing this product  
19 by the weighted average daily attendance computed for the 2005-06 school year;

20 (b) For the 2007-08 school year, the state revenue per weighted average

21 daily attendance received by a district from the state aid calculation under  
22 subsections 1 and 4 of this section, as applicable, and the classroom trust fund  
23 under section 163.043 shall not be less than the state revenue received by a  
24 district in the 2005-06 school year from the foundation formula, line 14, gifted,  
25 remedial reading, exceptional pupil aid, fair share, and free textbook payment  
26 amounts multiplied by the sum of one plus the product of two-thirds multiplied  
27 by the remainder of the dollar value modifier minus one, and dividing this  
28 product by the weighted average daily attendance computed for the 2005-06  
29 school year;

30 (c) For the 2008-09 school year, the state revenue per weighted average  
31 daily attendance received by a district from the state aid calculation under  
32 subsections 1 and 4 of this section, as applicable, and the classroom trust fund  
33 under section 163.043 shall not be less than the state revenue received by a  
34 district in the 2005-06 school year from the foundation formula, line 14, gifted,  
35 remedial reading, exceptional pupil aid, fair share, and free textbook payment  
36 amounts multiplied by the dollar value modifier, and dividing this product by the  
37 weighted average daily attendance computed for the 2005-06 school year;

38 (d) For each year subsequent to the 2008-09 school year, the amount shall  
39 be no less than that computed in paragraph (c) of this subdivision, multiplied by  
40 the weighted average daily attendance pursuant to section 163.036, less any  
41 increase in revenue received from the classroom trust fund under section 163.043;

42 **(e) For districts located entirely within any county with a**  
43 **charter form of government and with more than two hundred fifty**  
44 **thousand but fewer than three hundred fifty thousand inhabitants that**  
45 **creates a county municipal court after January 1, 2006, and meets the**  
46 **criteria of paragraphs (a) through (d) of this subdivision, an additional**  
47 **payment amount equal to the decrease, if any, in the amount of revenue**  
48 **a district receives from fines in the current year from the revenue the**  
49 **district received from fines in fiscal year 2005 shall be paid to any such**  
50 **qualified district;**

51 (2) For districts with an average daily attendance of three hundred fifty  
52 or less in the school year preceding the payment year:

53 (a) For the 2006-07 school year, the state revenue received by a district  
54 from the state aid calculation under subsections 1 and 4 of this section, as  
55 applicable, and the classroom trust fund under section 163.043 shall not be less  
56 than the greater of state revenue received by a district in the 2004-05 or 2005-06

57 school year from the foundation formula, line 14, gifted, remedial reading,  
58 exceptional pupil aid, fair share, and free textbook payment amounts multiplied  
59 by the sum of one plus the product of one-third multiplied by the remainder of the  
60 dollar value modifier minus one;

61 (b) For the 2007-08 school year, the state revenue received by a district  
62 from the state aid calculation under subsections 1 and 4 of this section, as  
63 applicable, and the classroom trust fund under section 163.043 shall not be less  
64 than the greater of state revenue received by a district in the 2004-05 or 2005-06  
65 school year from the foundation formula, line 14, gifted, remedial reading,  
66 exceptional pupil aid, fair share, and free textbook payment amounts multiplied  
67 by the sum of one plus the product of two-thirds multiplied by the remainder of  
68 the dollar value modifier minus one;

69 (c) For the 2008-09 school year, the state revenue received by a district  
70 from the state aid calculation under subsections 1 and 4 of this section, as  
71 applicable, and the classroom trust fund under section 163.043 shall not be less  
72 than the greater of state revenue received by a district in the 2004-05 or 2005-06  
73 school year from the foundation formula, line 14, gifted, remedial reading,  
74 exceptional pupil aid, fair share, and free textbook payment amounts multiplied  
75 by the dollar value modifier;

76 (d) For each year subsequent to the 2008-09 school year, the amount shall  
77 be no less than that computed in paragraph (c) of this subdivision;

78 **(e) For districts located entirely within any county with a**  
79 **charter form of government and with more than two hundred fifty**  
80 **thousand but fewer than three hundred fifty thousand inhabitants that**  
81 **creates a county municipal court after January 1, 2006, and meets the**  
82 **criteria of paragraphs (a) through (d) of this subdivision, an additional**  
83 **payment amount equal to the decrease, if any, in the amount of revenue**  
84 **a district receives from fines in the current year from the revenue the**  
85 **district received from fines in fiscal year 2005 shall be paid to any such**  
86 **qualified district;**

87 (3) The department of elementary and secondary education shall make an  
88 addition in the payment amount specified in subsection 1 of this section to assure  
89 compliance with the provisions contained in this subsection.

90 3. School districts that meet the requirements of section 163.021 shall  
91 receive categorical add-on revenue as provided in this subsection. The categorical  
92 add-on for the district shall be the sum of: seventy-five percent of the district

93 allowable transportation costs under section 163.161; the career ladder  
94 entitlement for the district, as provided for in sections 168.500 to 168.515, RSMo;  
95 the vocational education entitlement for the district, as provided for in section  
96 167.332, RSMo; and the district educational and screening program entitlements  
97 as provided for in sections 178.691 to 178.699, RSMo. The categorical add-on  
98 revenue amounts may be adjusted to accommodate available appropriations.

99           4. In the 2006-07 school year and each school year thereafter for five  
100 years, those districts entitled to receive state aid under the provisions of  
101 subsection 1 of this section shall receive state aid in an amount as provided in  
102 this subsection.

103           (1) For the 2006-07 school year, the amount shall be fifteen percent of the  
104 amount of state aid calculated for the district for the 2006-07 school year under  
105 the provisions of subsection 1 of this section, plus eighty-five percent of the total  
106 amount of state revenue received by the district for the 2005-06 school year from  
107 the foundation formula, line 14, gifted, remedial reading, exceptional pupil aid,  
108 fair share, and free textbook payments less any amounts received under section  
109 163.043.

110           (2) For the 2007-08 school year, the amount shall be thirty percent of the  
111 amount of state aid calculated for the district for the 2007-08 school year under  
112 the provisions of subsection 1 of this section, plus seventy percent of the total  
113 amount of state revenue received by the district for the 2005-06 school year from  
114 the foundation formula, line 14, gifted, remedial reading, exceptional pupil aid,  
115 fair share, and free textbook payments less any amounts received under section  
116 163.043.

117           (3) For the 2008-09 school year, the amount of state aid shall be forty-four  
118 percent of the amount of state aid calculated for the district for the 2008-09  
119 school year under the provisions of subsection 1 of this section plus fifty-six  
120 percent of the total amount of state revenue received by the district for the  
121 2005-06 school year from the foundation formula, line 14, gifted, remedial  
122 reading, exceptional pupil aid, fair share, and free textbook payments less any  
123 amounts received under section 163.043.

124           (4) For the 2009-10 school year, the amount of state aid shall be fifty-eight  
125 percent of the amount of state aid calculated for the district for the 2009-10  
126 school year under the provisions of subsection 1 of this section plus forty-two  
127 percent of the total amount of state revenue received by the district for the  
128 2005-06 school year from the foundation formula, line 14, gifted, remedial

129 reading, exceptional pupil aid, fair share, and free textbook payments less any  
130 amounts received under section 163.043.

131 (5) For the 2010-11 school year, the amount of state aid shall be  
132 seventy-two percent of the amount of state aid calculated for the district for the  
133 2010-11 school year under the provisions of subsection 1 of this section plus  
134 twenty-eight percent of the total amount of state revenue received by the district  
135 for the 2005-06 school year from the foundation formula, line 14, gifted, remedial  
136 reading, exceptional pupil aid, fair share, and free textbook payments less any  
137 amounts received under section 163.043.

138 (6) For the 2011-12 school year, the amount of state aid shall be eighty-six  
139 percent of the amount of state aid calculated for the district for the 2011-12  
140 school year under the provisions of subsection 1 of this section plus fourteen  
141 percent of the total amount of state revenue received by the district for the  
142 2005-06 school year from the foundation formula, line 14, gifted, remedial  
143 reading, exceptional pupil aid, fair share, and free textbook payments less any  
144 amounts received under section 163.043.

145 (7) (a) Notwithstanding subdivision (18) of section 163.011, the state  
146 adequacy target may not be adjusted downward to accommodate available  
147 appropriations in any year governed by this subsection.

148 (b) a. For the 2006-07 school year, if a school district experiences a  
149 decrease in summer school average daily attendance of more than twenty percent  
150 from the district's 2005-06 summer school average daily attendance, an amount  
151 equal to the product of the percent reduction that is in excess of twenty percent  
152 of the district's summer school average daily attendance multiplied by the funds  
153 generated by the district's summer school program in the 2005-06 school year  
154 shall be subtracted from the district's current year payment amount.

155 b. For the 2007-08 school year, if a school district experiences a decrease  
156 in summer school average daily attendance of more than thirty percent from the  
157 district's 2005-06 summer school average daily attendance, an amount equal to  
158 the product of the percent reduction that is in excess of thirty percent of the  
159 district's summer school average daily attendance multiplied by the funds  
160 generated by the district's summer school program in the 2005-06 school year  
161 shall be subtracted from the district's payment amount.

162 c. For the 2008-09 school year through the 2011-12 school year, if a school  
163 district experiences a decrease in summer school average daily attendance of  
164 more than thirty-five percent from the district's 2005-06 summer school average

165 daily attendance, an amount equal to the product of the percent reduction that  
166 is in excess of thirty-five percent of the district's summer school average daily  
167 attendance multiplied by the funds generated by the district's summer school  
168 program in the 2005-06 school year shall be subtracted from the district's  
169 payment amount.

170 d. Notwithstanding the provisions of this paragraph, no such reduction  
171 shall be made in the case of a district that is receiving a payment under section  
172 163.044 or any district whose regular school term average daily attendance for  
173 the preceding year was three hundred fifty or less.

174 e. This paragraph shall not be construed to permit any reduction applied  
175 under this paragraph to result in any district receiving a current-year payment  
176 that is less than the amount calculated for such district under subsection 2 of this  
177 section.

178 (c) If a school district experiences a decrease in its gifted program  
179 enrollment of more than twenty percent from its 2005-06 gifted program  
180 enrollment in any year governed by this subsection, an amount equal to the  
181 product of the percent reduction in the district's gifted program enrollment  
182 multiplied by the funds generated by the district's gifted program in the 2005-06  
183 school year shall be subtracted from the district's current year payment amount.

184 5. For any school district meeting the eligibility criteria for state aid as  
185 established in section 163.021, but which is considered an option district under  
186 section 163.042 and therefore receives no state aid, the commissioner of education  
187 shall present a plan to the superintendent of the school district for the waiver of  
188 rules and the duration of said waivers, in order to promote flexibility in the  
189 operations of the district and to enhance and encourage efficiency in the delivery  
190 of instructional services as provided in section 163.042.

191 6. (1) No less than seventy-five percent of the state revenue received  
192 under the provisions of subsections 1, 2, and 4 of this section shall be placed in  
193 the teachers' fund, and the remaining percent of such moneys shall be placed in  
194 the incidental fund. No less than seventy-five percent of one-half of the funds  
195 received from the school district trust fund distributed under section 163.087  
196 shall be placed in the teachers' fund. One hundred percent of revenue received  
197 under the provisions of section 163.161 shall be placed in the incidental  
198 fund. One hundred percent of revenue received under the provisions of sections  
199 168.500 to 168.515, RSMo, shall be placed in the teachers' fund.

200 (2) A school district shall spend for certificated compensation and tuition

201 expenditures each year:

202 (a) An amount equal to at least seventy-five percent of the state revenue  
203 received under the provisions of subsections 1, 2, and 4 of this section;

204 (b) An amount equal to at least seventy-five percent of one-half of the  
205 funds received from the school district trust fund distributed under section  
206 163.087 during the preceding school year; and

207 (c) Beginning in fiscal year 2008, as much as was spent per the second  
208 preceding year's weighted average daily attendance for certificated compensation  
209 and tuition expenditures the previous year from revenue produced by local and  
210 county tax sources in the teachers' fund, plus the amount of the incidental fund  
211 to teachers' fund transfer calculated to be local and county tax sources by dividing  
212 local and county tax sources in the incidental fund by total revenue in the  
213 incidental fund.

214 In the event a district fails to comply with this provision, the amount by which  
215 the district fails to spend funds as provided herein shall be deducted from the  
216 district's state revenue received under the provisions of subsections 1, 2, and 4  
217 of this section for the following year, provided that the state board of education  
218 may exempt a school district from this provision if the state board of education  
219 determines that circumstances warrant such exemption.

220 7. If a school district's annual audit discloses that students were  
221 inappropriately identified as eligible for free and reduced lunch, special  
222 education, or limited English proficiency and the district does not resolve the  
223 audit finding, the department of elementary and secondary education shall  
224 require that the amount of aid paid pursuant to the weighting for free and  
225 reduced lunch, special education, or limited English proficiency in the weighted  
226 average daily attendance on the inappropriately identified pupils be repaid by the  
227 district in the next school year and shall additionally impose a penalty of one  
228 hundred percent of such aid paid on such pupils, which penalty shall also be paid  
229 within the next school year. Such amounts may be repaid by the district through  
230 the withholding of the amount of state aid.

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